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DEPARTMENT OF COMMERCE

International Trade Administration

Oil and Gas Trade Mission to Israel - Clarification and Amendment

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

SUMMARY: The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service (CS) is publishing this amendment to the Notice of the Oil and Gas Trade Mission to Israel, 77 FR 21748, April 11, 2012, to amend the Notice to revise the Commercial Setting to include new information regarding the shale oil industry in Israel. The revised notice will include information on a shale oil project initiated by Israel Energy Initiatives (IEI), a subsidiary of publicly-traded U.S. company, Genie Energy Ltd.

SUPPLEMENTAL INFORMATION:

Amendments to Revise the Commercial Setting to include information on the shale oil project undertaken by Israel Energy Initiatives:

Background:

The new information regarding the shale oil project undertaken by Israel Energy Initiatives, represents a significant export opportunity for U.S. manufacturers. The pilot test project due to begin in 2013 will require significant procurement, on the behalf of Israel Energy Initiatives. In order to ensure the mission statement is accurate and helpful to U.S. manufacturers, the Trade Mission Statement will be amended to include this information.

Amendments:

1. For the reasons stated above, the Oil section of the Notice of the Oil and Gas Trade Mission to Israel, 77 FR 21748, April 11, 2012, is amended to read as follows:

Oil and Shale Oil

In March 2010, the U.S. Geological Survey reported that there is an estimated 1.7 billion barrels of recoverable oil in Israel.[6] Also, the World Energy Council estimates Israel's shale deposits could ultimately yield as many as 250 billion barrels of oil.[7] In March 2012, another offshore discovery was made by Modiin and Adira Energy northwest of Tel Aviv, with an estimated 128 million barrels of oil, as well as natural gas.[8] The Meged Field may also contain significant oil reserves. In June 2011, Israeli oil exploration company, Givot Olam, announced that its test production site, Meged 5, was producing 800 barrels a day. According to a report by the international consultancy Baker Hughes, Givot Olam will develop Meged 6 and Meged 7 and perform well stimulation

for all its drillings; in the next stage the company will drill up to 40 wells throughout the Meged field.[9] In February 2012, MEWR approved continued production at Meged 5, and development of Meged 6-14 drillings.[10]

[6] "Delek Energy Provides Update on the Drilling at Leviathan 1 Well." Delek Group, 30 Aug. 2010. <<http://irdelekgroup.com/phoenix.zhtml?c=160695&p=irol-newsArticle&ID=1464492&highlight=>>.

[7] "Oil Shale Country Notes: Israel." World Energy Council for Sustainable Energy. <[http://www.worldenergy.org/publications/survey\\_of\\_energy\\_resources\\_2007/oil\\_shale/country\\_notes/2005.asp](http://www.worldenergy.org/publications/survey_of_energy_resources_2007/oil_shale/country_notes/2005.asp)>.

[8] "Oil and Gas Found at Gabriella, Yitzhak Licenses." Globes Israel Business News. 13 Mar. 2012.

<<http://www.globes.co.il/serveen/globes/docview.asp?did=1000732741>>.

[9] Meged Field Reserves Classification. Rep. Baker Hughes, Mar. 2011.

<<http://www.givot.co.il/english/data/images/Media/GIVT0001%20Final%20Report%20Ore v3.pdf>>.

[10] "Energy Ministry Approves Meged Field Development." Globes Israel Business News, 30 Jan. 2012.

<<http://www.globes.co.il/serveen/globes/docview.asp?did=1000720122>>.

In July 2008, Israel's MEWR granted Israel Energy Initiatives (IEI), a subsidiary of the publicly-traded U.S. company Genie Energy Ltd, an exclusive license to explore for and produce shale oil in the Shfela basin region of Israel. IEI estimates that there are 40 billion barrels of oil equivalent in place within its 238 km<sup>2</sup> license area. The company plans to conduct a pilot test of its in-ground heating process in 2013-2014. Also, in May 2011, the Russian energy company Inter RAO announced that it had received a license to develop oil shale resources in the Negev desert. There may be opportunities for U.S. companies to provide goods and services related to shale oil development into the nascent industry.

Many oil exploration licenses are set to expire in 2012 and 2013. Exploration companies are limited to how many licenses they can hold in Israel, and given the success of several exploration projects, there are opportunities for U.S. companies to enter Israel's oil exploration market.

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